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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNIVERSAL CITY STUDIOS, INC.,

Plaintiff,

-against-

NINTENDO CO., LTD. and
NINTENDO OF AMERICA, INC.,

Defendants.

REC'D	
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BY	RDM

82 Civ. 4259
(RWS)

:
: PLAINTIFF'S STATEMENT
: PURSUANT TO CIVIL RULE
: 3(g) IN OPPOSITION TO
: DEFENDANTS' MOTION FOR
: SUMMARY JUDGMENT

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Pursuant to Rule 3(g) of the Civil Rules for the United States District Court for the Southern District New York, Universal City Studios, Inc. ("Universal") submits that the following facts are material to Universal's claims in this action and are either (a) included in defendants' Rule 3(g) Statement and disputed by Universal or (b) omitted from defendants' Rule 3(g) Statement and therefore presumed by Universal to be disputed by defendants. In either event the issues raised by these facts cannot be resolved on a motion for summary judgment and accordingly must be tried.

Universal will first briefly summarize those material facts which it believes defendants have omitted from their 3(g) Statement. In the section following this Universal will identify those facts in defendants Rule 3(g) Statement offered as "undisputed" which Universal disputes.

A. Facts Showing That The Name KING KONG,
The Gorilla Character KING KONG And
Elements Of The KING KONG Story Are
Used As Symbols Denoting Source Of
Origin And Sponsorship

1. In 1933 RKO General, Inc. ("RKO") released for theatrical exhibition in the United States the motion picture "King Kong." The film has become an American classic, and the name KING KONG, the KING KONG gorilla and certain scenes from the 1933 motion picture, particularly the one in which KING KONG stands on top of the Empire State Building holding Fay Wray captive, are recognized by the American public, which associates them with and attributes them to (a) the motion picture and (b) the producers of that and other "King Kong" motion pictures. In the period between RKO's release of its 1933 King Kong picture and late 1979, RKO and its licensees used, promoted and advertised the KING KONG name, the KING KONG gorilla character and story elements of the "King Kong" motion picture as symbols denoting the producer of that picture as the source of origin and sponsorship of (a) other "King Kong" motion pictures and (b) articles of merchandise and services including toys, games, books, garments and similar products, all of which were sold under the name KING KONG or using the KING KONG gorilla. (Regan Dep. at 99, 110-112; Affidavit of Shelley O'Neill Ex. 18, hereinafter "O'Neill Aff.")

2. In December 1976 Paramount Pictures Corporation ("Paramount") released for theatrical exhibition in the United States and Canada a remake of RKO's 1933 "King Kong" produced by Dino De Laurentiis Corporation. ("DDLCL") Paramount extensively promoted this motion picture, commencing its promotional activities in late 1975 with full-page ads in major newspapers offering posters of KING KONG on top of the World Trade Center building. Paramount received over 40,000 letters from the public requesting copies of this poster and Paramount spent over \$7,000,000 in advertising the 1976 "King Kong" remake. The film was exhibited in almost 1200 theaters and has been seen by an estimated 25,821,000 people. (Affidavit of Richard Zimbert ¶¶ 2-6, hereinafter "Zimbert Aff.")

3. Paramount, under licensing agreements with DDLCL and RKO, used the KING KONG name and the KING KONG gorilla as a trademark in conjunction with the advertising, licensing and sale of KING KONG products and services. During the period between 1976 and December 1979 Paramount licensed over 30 companies to use the name KING KONG and gorilla as a trademark for school supplies, wristwatches, dolls, games, toys, articles of apparel and other items. (Zimbert Aff. ¶ 7.)

4. Paramount's licensing of the KING KONG name and gorilla character, was authorized by RKO, which controlled the quality of the products sold by Paramount's KING KONG licensees. (Zimbert Aff. ¶¶ 5-7 and Ex. 5.) When Paramount's rights to

use and license the use of the KING KONG name and KING KONG gorilla for the sale of goods and services expired in 1980, Paramount accepted that Universal, as successor to RKO, (which held its rights in the KING KONG name and character as trustee for Universal's assignor) was entitled to the use and benefit of the goodwill that Paramount had generated for those symbols by virtue of its commercial exploitation of them. (Zimbert Aff. 9.)

5. DDLC which produced the 1976 King Kong remake and licensed Paramount to distribute the film in the United States and Canada also intended and accepted that Universal, as successor to RKO was entitled to exploit the goodwill that was generated for the KING KONG name and gorilla character by virtue of the success of its film. (Affidavit of Fredric M. Sidewater ¶ 8, hereinafter "Sidewater Aff.")

6. RKO, Paramount and DDLC have acknowledged Universal's exclusive right to use the KING KONG name and gorilla character in the promotion and sale of merchandise and services. (Deposition Transcript of William Regan at 57, 60, 80, references to all deposition transcripts hereinafter "Name of Deponent Dep.")

7. RKO, Paramount and DDLC policed their rights in the name KING KONG and the KING KONG gorilla character, wrote cease and desist letters when they learned of efforts by unauthorized third parties to use these symbols in the sale of

products and services and filed lawsuits when necessary to enforce their rights. (Regan Dep. at 99-112 and 288-296; Sidewater Aff. ¶ 10; Affidavit of Sandra Edelman Ex. 13, hereinafter "Edelman Aff.")

8. The foregoing efforts of RKO and its licensees to use and promote the KING KONG name and KING KONG gorilla character have made these valuable merchandising symbols, ones recognized and understood by the public to denote the "King Kong" motion picture producers and their authorized licensees and assignees as the source of those products or services on which the symbols appear or are used.

9. As a result of the foregoing, the name and character KING KONG have secondary meaning.

B. Universal Is The Lawful Successor To The Goodwill Developed By RKO And Its Licensees For The KING KONG Name And Character And Is Today Commercially Exploiting That Goodwill Through Several KING KONG Projects And Licensing Arrangements Under Which The KING KONG Name And Gorilla Character Are Being Used As Trademarks

10. Universal acquired the exclusive right to use the KING KONG name, gorilla and story elements made famous by the "King Kong" motion pictures and the promotion and sale of products and services in an agreement of December 15, 1976 with Richard Cooper. The agreement granted and assigned these rights to Universal in terms which gave Universal the following:

(a) all of [Cooper's] right, title and interest (including without limitation, all

rights of which [Cooper is] the legal, beneficial or equitable owner) in . . . the name, the character and the title "King Kong, and

(b) all of [his] right, title and interest in the Cooper Findings and Cooper Judgment, and

(c) all of [his] rights which may flow from the Cooper Findings and Cooper Judgment and any other judgment which may hereafter be entered in [his] favor on the Cooper Cross-Claim. Specifically, and without limitation, . . . [Cooper] hereby assign[s], transfer[s] and convey[s] to Universal all rights which [he has] or own[s] as the beneficiary of any constructive trust established in [his] favor and against RKO by the Cooper Findings, Cooper Judgment or any other judgment which may hereafter be entered in [his] favor on the Cooper Cross-Claim.

(O'Neill Aff. Ex. 19 ¶ 2.)

11. Richard Cooper held the foregoing rights as a consequence of a Judgment entered in Cooper's favor (interlocutory in December 1976 and made final in January 1981) on a cross-claim Cooper made against RKO in Universal's federal court action against RKO, Cooper and DDLC. In substance the Cooper Judgment recited:

1. That as between RKO and Richard Cooper, all rights in and to the use of the name, character and story "King Kong", other than the right to produce the motion picture photoplay "King Kong" as published by RKO on February 24, 1933 and to copyright and renew the copyright in the said motion picture photoplay, and the right to produce the motion picture photoplay "Son of Kong" as published by RKO and to copyright and renew the copyright in the said motion picture photoplay, are exclusively vested in and solely owned by Richard Cooper.

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2. That Defendant and Cross-Defendant RKO is a constructive trustee of all of the rights in and to the character, name, and story "King Kong" to the extent they have been exercised by it at any time prior to the date of this Final Judgment, and Richard Cooper is the sole beneficiary of said trust.

(O'Neill Aff. Ex. 23.)

11. The foregoing Cooper Judgment made Cooper the beneficiary of all rights, including the goodwill developed by RKO and its authorized licensees for the KING KONG name and gorilla character between 1933 and 1976. On December 15, 1976, Cooper granted and assigned those rights to Universal (O'Neill Aff. 19) and RKO, Paramount and DDLC have recognized and accepted the validity of that assignment.

12. Owing to the fact that in December 1976 RKO had outstanding KING KONG licensing arrangements with DDLC and Paramount (which had been entered into before Cooper assigned his rights in these symbols to Universal), Universal itself did not begin to exploit the KING KONG name and gorilla character until approximately December 1980. (Edelman Aff. Ex. 4; Zimbert Aff. ¶¶ 8, 9.) When RKO's merchandising agreements with DDLC and Paramount expired, Universal (in December 1980), through its merchandising subsidiary, Merchandising Corporation of America ("MCA"), granted its first license authorizing the use of the KING KONG name and character for the sale of costumes. (Edelman Aff. Ex. 3.)

13. Subsequently (before this lawsuit was brought) Universal (through MCA) licensed Tiger Electronic Toys, Inc. ("Tiger") to develop and sell a KING KONG tabletop video game and hand-held video game. Today Tiger is selling those products, all of which bear the trademark KING KONG, throughout the United States. (Edelman Aff. Ex. 6.)

14. Universal has also licensed National Electronics & Watch Co. Ltd. to use the KING KONG name in the promotion and sale of wrist-game watches, the license running through December 31, 1984. (Edelman Aff. Ex. 7.)

15. Universal is developing, at a cost of several million dollars, a KING KONG tour attraction which will become part of the Universal Studios Tour in California. This will be followed up with a similar KING KONG tour attraction at Universal's Florida tour facility. (Sheinberg Dep. at 55-62.) Before Universal filed this lawsuit against defendants over their use of Donkey Kong in their video arcade game, Universal had singled out the name KING KONG as one of its trademark properties having great potential for commercial development. (Sheinberg Dep. at 55-62.)

16. MCA Video Games was formed by Universal's parent company approximately a year ago for the express purpose of creating and developing video games and similar technologies

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either by itself or on a joint venture basis. (Sheinberg Dep. at 36-38.)

C. Defendants' Donkey Kong Video Arcade Game, Which Invites The Player To Save The Pretty Girl Held Captive By The Donkey Kong Gorilla On Top Of A Building Structure Draws From And Trades Upon The Commercial Magnetism Of The KING KONG Name And Gorilla

17. Defendant's Donkey Kong's video arcade game was developed and created in Japan by Nintendo Co., Ltd. ("Nintendo Japan") with the name KING KONG and the gorilla character KING KONG in mind. Donkey Kong is a KING KONG derivative product. The idea for using a gorilla in the game was Shigeru Miyamoto's, designer of Donkey Kong. (Miyamoto Dep. at 40-43.) Contemporaneous documents prepared by Mr. Miyamoto show that Miyamoto thought it important to design a game that would be based on characters people would recognize and the first important description Miyamoto prepared of the game refers to "King Kong" capturing a girl and descending a ladder. (Miyamoto Dep. Ex. 3 and 4.)

18. Miyamoto explained that he had seen parts of a "King Kong" motion picture on television in recent years and before that a motion picture entitled "King Kong vs. Godzilla".* (Miyamoto Dep. at 52.) Mr. Miyamoto also intended

* Universal owns the copyright in "King Kong vs. Godzilla." (Universal's Response to Defendants' Third Set of Interrogatories, Interrogatory No. 9, Edelman Aff. Ex. 1.)

for his KING KONG gorilla in Donkey Kong to be the same kind of gorilla that he had seen in the motion pictures, believing that the former was a human being in a gorilla costume. (Miyamoto Dep. at 79-86.)

19. Gunpei Yokoi who worked as the developer of the Donkey Kong game in collaboration with Miyamoto said it was important that the game be given a name that the Americans and Japanese would recognize and be familiar with. (Yokoi Dep. at 42.) Nintendo Japan's export manager Todoru confirmed Yokoi's statement about the importance of the name and said in addition that the name should be one that, when people heard it they could understand the content of the game. Todoru said he thought that Donkey Kong expressed the "content" to both Japanese and Americans. (Todoru Dep. at 35-37.)

20. The name of the game was also important to Mr. Yamauchi, president of Nintendo Japan, who noted: "Machines won't sell if we give them Japanese names." (Yamauchi Dep. at 15-16.) Defendant Nintendo of America Inc.'s ("Nintendo America") production manager, Don James, claimed that motion pictures can be a "built-in" commercial for video games, citing the game "TRON" and Nintendo's more recent "Popeye." James said he thought that these get people to look at the games and maybe buy them. (Edelman Aff. Ex. 8.)

21. Nintendo Japan, the Japanese company which developed and named Donkey Kong, did so with the intention of

capitalizing on the value of the name KING KONG and the gorilla KING KONG, believing that these symbols would be recognized by the American public and that this recognition would enhance sales of the Donkey Kong game.

- D. The Name Donkey Kong As Used By Defendants On Their Video Arcade Game In Conjunction With A Gorilla Perched At The Top Of A Building Structure Holding A Lady Figure Captive Is Confusingly Similar To The Name KING KONG And Is Likely To Cause Those Who Purchase Or Play Defendants' Donkey Kong Game To Believe That The Game Was Sponsored Or Approved By Those Responsible For The "King Kong" Motion Pictures

22. Minoru Arakawa, President of Nintendo America, stated in an affidavit given to the United States Patent and Trademark Office in March 1982 (before this lawsuit was filed) that Nintendo America regarded as an infringement of its trademark "Donkey Kong" the use by others of confusingly similar names such as "Crazy Kong," "King Kong" and "Donkey King." In substance Mr. Arakawa admitted that Donkey Kong is confusingly similar to KING KONG. (Arakawa Dep. at 62; Exhibit 3.)

23. A survey conducted for Universal by Opinion Research Corporation in March of this year which asked video arcade owners and operators who had purchased the Donkey Kong game (a) why they thought the game was called Donkey Kong and (b) whether they believed Donkey Kong was sold with the approval or under the authority of those responsible for the

"King Kong" motion pictures indicates that 18% of the survey audience believed that Donkey Kong had been sponsored or authorized by the "King Kong" motion picture makers. (Affidavit of Harry O'Neill ¶ 15, hereinafter "Harry O'Neill Aff.")

24. The trade press for the video arcade industry and writers and commentators who have written about defendants' Donkey Kong game believe the name derives from the name KING KONG, that the Donkey Kong gorilla derives from the KING KONG gorilla and that the game itself is a KING KONG derivative product. (Affidavit of Mary D. Faucher and Exhibits thereto.)

25. Three of defendants' four major Donkey Kong licensees, Coleco Industries, Inc. ("Coleco"), Atari, Inc. and Ruby-Spears Enterprises, Inc., settled claims made against them by Universal over their use of Donkey Kong and agreed to pay a consideration for a covenant not to sue which has amounted to several million dollars. Coleco accepted that Universal's claims had merit. (Sheinberg Dep. at 126; Hadl Dep. at 118-122.)

26. Defendants' Donkey Kong game is likely to cause consumers to believe that their game is authorized, sponsored, approved or in some way connected with Universal.

27. Defendants' Donkey Kong game is likely to dilute the value of Universal's KING KONG marks.

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E. The Fact RKO Was Unsuccessful On An Unfair Competition Counterclaim Against Universal In A Lawsuit Eight Years Ago Does Not Collaterally Estop Universal From Suing Defendants Over Donkey Kong

28. The documents relevant to the lawsuit Universal brought against RKO, Richard Cooper and DDLC in federal district court in California in 1975 are all before the Court as exhibits on the present motion. The matters recited in the pleadings filed by the parties, their appellate briefs, the trial transcript and the several orders, findings and judgments of the district court and the Court of Appeals are the best evidence of what the "material facts" are with respect to that litigation.

29. RKO, not Universal, was the proponent of the "King Kong" unfair competition claim in the 1975 federal court action. That claim was made by RKO as a counterclaim and alleged in substance that Universal's then plan to produce a "King Kong" motion picture slandered, called into question and diluted RKO's rights in the "King Kong" motion picture. (O'Neill Aff., Ex. 6.)

30. In dismissing RKO's counterclaim the district court found that (a) Universal had secured RKO's consent to make a "King Kong" motion picture, and (b) there was no evidence that the motion picture title "King Kong" had

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secondary meaning by which the public identified the title or the motion picture with RKO. (O'Neill Aff. Ex. 15.)

31. In June 1980 RKO and Universal settled their respective claims against each other in the 1975 federal court litigation while the case was pending appeal in the Court of Appeals for Ninth Circuit. RKO and Universal took the position in papers filed in the Court of Appeals that RKO's appeal from the lower court judgment should be dismissed because the issues, including RKO's unfair competition claim, had become moot by reason of that settlement agreement. Subsequently the Court of Appeals vacated the judgments below, and remanded the case to the district court with instructions for it to determine (a) which actions were moot by reason of the settlements and stipulations of the parties and to dismiss those actions accordingly, and (b) if it determined that any part of the actions still presented a case or controversy to hold further proceedings as necessary and enter a new and further judgment which would then be the subject for a new appeal. (O'Neill Aff. Ex. 21.)

32. On the foregoing remand the district court dismissed Universal's claim against RKO (for a declaratory judgment of copyright invalidity) without prejudice and RKO's claim against Universal (for unfair competition) with prejudice. But the court held no further hearings and made no new findings or judgments from which an appeal could be taken.

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33. Universal did not "fully litigate" RKO's counterclaim for unfair competition because it was RKO that had the burden of proof on this issue, and the matter became moot as a result of the settlement agreement between RKO and Universal. Neither RKO's counterclaim nor Universal's claim against RKO was ever reviewed by the Court of Appeals.

34. In December 1976, the same month in which the district court in California made its finding that "there was no evidence that King Kong had a secondary meaning by which the public identified the title or the motion picture with RKO," Paramount released DDLC's "King Kong" motion picture remake. The name KING KONG and the KING KONG gorilla character were once again put before the public in an extensive advertising and promotional campaign and promoted and used in conjunction with the sale of dozens of products, many of them tied-in with the release of that picture. (Zimbert Aff. ¶¶ 6, 7.)

35. In January 1977 Paramount and DDLC successfully sued Worldwide Entertainment Corp. for unfair competition over the latter's attempt to advertise a film called "Ape" with a poster on which a giant gorilla was shown against the background of a large city. The Court held in that case that Paramount's KING KONG poster had secondary meaning which denoted the motion picture maker (Paramount) as the source of the "King Kong" movie. Paramount Pictures Corp. v. Worldwide Entertainment Corp., 198 U.S.P.Q. 539 (S.D.N.Y. 1977).

36. Defendants in this case did not know about the claims made by Universal or RKO against each other in the 1975 federal court litigation until they were compelled to defend this lawsuit. Defendants did not rely on the positions taken by either RKO or Universal in that litigation when they named their video arcade game Donkey Kong and were not induced or misled into choosing that name because of any of the positions taken by either Universal or RKO in the 1975 litigation.

37. RKO is the proprietor of the renewal copyright in the 1933 motion picture "King Kong" and as such has the right to advertise, distribute, exhibit and license others to do the same with respect to that picture and all copyrightable elements in that picture. (O'Neill Aff. Ex. 20.) RKO does not claim to own any trademark rights in the name KING KONG or the gorilla character KING KONG and claims no rights except for the right to use and license the use of copyrighted elements of its motion picture for non-merchandising purposes.

38. DDLC is the proprietor of the renewal copyright in the 1976 motion picture "King Kong" and as such has the right to advertise, distribute, exhibit and license others to do the same with respect to that picture and all copyrightable elements in that picture. DDLC does not have or claim to have rights to use the name KING KONG or the gorilla character KING KONG except in connection with its copyrighted motion picture. (Sidewater Aff. ¶ 8.)

II

Universal specifically disputes the matters set forth in the following paragraphs of defendants' Rule 3(g) Statement for the following reasons:

Paragraph

Reason

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|-----|---|
| 6-8 | Defendants' version of how Donkey Kong came to be developed and given that name does not concede that Donkey Kong derives from the name KING KONG, used the KING KONG gorilla and was intended to suggest KING KONG to those who bought or played the game. |
| 17 | Universal does not dispute the facts recited in this paragraph but does dispute the inference of defendants that by prominently labeling the Donkey Kong game with the name "Nintendo" defendants have dispelled the connection the public will make between Donkey Kong and KING KONG or the belief that such products are sponsored or authorized by the makers of the "King Kong" motion pictures. |
| 30 | Universal disputes the proposition that RKO offered "expert testimony" in the federal court action on the alleged secondary meaning of KING KONG. The witness RKO proffered on this issue was a Universal executive whom the court refused to hear because it believed the witness was not competent to testify as to the public perception of the name KING KONG. |
| 33 | Defendants paraphrase an important document, the December 15, 1976 Assignment running from Cooper to Universal in the KING KONG name, character and story. The document is the best evidence on this point. |

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Paragraph

Reason

46

Universal first licensed the use of the KING KONG name, character and story elements in December 1980. It had no occasion to license these symbols prior to 1979.

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Universal's complaint specifically seeks relief which if granted would prohibit defendants from using "Donkey Kong" or any other variation of the KING KONG name for any product. Universal takes the position that this means a name such as "Donkey Kong Jr."

Dated: New York, New York
July 8, 1983

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